

## Message Text

UNCLASSIFIED

PAGE 01 MADRID 03269 291558Z  
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 EB-08 IO-14 USIA-15 COME-00  
TRSE-00 /055 W  
-----023329 300435Z /75  
R 291548Z MAR 78  
FM AMEMBASSY MADRID  
TO SECSTATE WASHDC 4028

UNCLAS MADRID 03269

E.O. 11652: N/A  
TAGS: EAGR, SP  
SUBJECT: GOS APPROVES FARM PRICE PACKAGE FOR 1978/79

THE FOLLOWING BEING REPEATED TO YOU FOR INFO:

QUOTE  
P 281730Z MAR 78  
FM AMEMBASSY MADRID  
TO USDA/FAS WASHDC PRIORITY  
UNCLAS MADRID 3269

TOFAS 36

FOR EULER, EAO; TOD/ITP; FCA DIVS: COTTON, G&F, S&TP, F&V,  
O&P, DL&P

SUBJECT: GOS APPROVES FARM PRICE PACKAGE FOR 1978/79

1. ON MARCH 22, 1978, THE COUNCIL OF MINISTERS SANCTIONED,  
WITH ONLY MINIMUM CHANGES, THE FARM PRICE PACKAGE FOR THE  
1978/79 MARKETING YEAR WHICH HAD BEEN NEGOTIATED FOR MORE  
THAN ONE MONTH BETWEEN REPRESENTATIVES OF THE MINISTRY OF  
AGRICULTURE AND FARM ORGANIZATIONS. THE NEW SCHEDULE OF  
PRICES APPROVED BY THE CABINET FOR THE NINETEEN ESSENTIAL  
COMMODITIES THAT ARE SUBJECT TO GOVERNMENT CONTROL SHOWS  
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AN AVERAGE 16 PERCENT INCREASE OVER 1977/78 PRICES.  
ACCORDING TO INFORMAL STATEMENTS MADE BY MINISTRY OF  
AGRICULTURE REPRESENTATIVES, PRICES HAVE ACTUALLY RISEN  
19 PERCENT WHEN TAKING INTO CONSIDERATION CERTAIN, SO-FAR  
UNSPECIFIED, SUBSIDIES AND GRANTS. THIS IS THE LARGEST  
INCREASE EVER APPROVED BY GOS SINCE THE INTRODUCTION OF  
REGULATED MARKET PRICES IN SPAIN.

2. THE IMPLEMENTATION OF THE NEW PRICE SCHEDULE WILL REQUIRE SUBSIDIZATION ON THE PART OF THE FARM COMMODITY AND PRICE STABILIZATION AGENCY (FORPPA) SO AS TO AVOID A NEGATIVE (INFLATIONARY) EFFECT OR REPERCUSSION IN THE COST OF LIVING INDEX. SOME PRESS REPORTS HAVE INDICATED THAT SOME 15 BILLION PESETAS OR APPROXIMATELY \$188 MILLION WILL BE EARMARKED FOR SUBSIDIES. IN ADDITION SOME 50 BILLION PESETAS OR ABOUT \$626 MILLION WILL BE MADE AVAILABLE TO FARMERS IN THE FORM OF LOANS. THE STRICT APPLICATION OF THE SCHEDULE WITHOUT GOVERNMENT SUBSIDIZATION WOULD OBVIOUSLY FUEL INFLATION TO UNPREDICTABLE LEVELS.

3. WHILE GENERALLY SPEAKING, FARM ORGANIZATIONS SEEM TO BE FAIRLY SATISFIED WITH THE FARM PRICE PACKAGE FOR 1978/79 SOME OF THESE GROUPS CLAIM THAT PRICES FOR RICE, SUGAR BEETS, OLIVE OIL, MILK AND LIVESTOCK AND POULTRY PRODUCTS UNCLASSIFIED

ARE LOW. THE NEW PRICES FOR WHEAT, BARLEY AND, PARTICULARLY CORN ARE THE ONES WHICH THEY FIND TO BE MOST SATISFACTORY.

4. THE FOLLOWING ARE REGULATED MARKET PRICES FOR THE 1978/79 AND 1977/78 MARKETING YEARS. INFORMATION DESCRIBED IN FOLLOWING SEQUENCE: COMMODITY - TYPE OF UNCLASSIFIED

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PRICE - UNIT - PRICES IN PESETAS, 1978/79 (1977/78).

WHEAT - GUARANTEED, TYPE III - KILOGRAM - 14.00 (12.00)

BARLEY - BASE GUARANTEED, TYPE II - KILOGRAM - 10.00 (8.40)

BARLEY - BASE GUARANTEED, TYPE I - KILOGRAM - 10.25 (8.55)

OATS - BASE GUARANTEED, TYPE II - KILOGRAM - 9.60 (8.00)

RYE - BASE GUARANTEED - KILOGRAM - 11.00 (9.50)

CORN - BASE GUARANTEED - KILOGRAM - 13.55 (12.00)

GRAIN SORGHUM - BASE GUARANTEED - KILOGRAM - 12.50 (9.90)

FEED PULSES - BASE GUARANTEED; LARGE BROAD BEANS - KILOGRAM - 18.00 (15.10)

PADDY RICE - GUARANTEED, TYPE II - KILOGRAM - 15.00 (13.50)

PADDY RICE - GUARANTEED, TYPE I - KILOGRAM - 17.50 (15.00)

SUNFLOWERSEED - GUARANTEED CONTRACT PRICE - KILOGRAM - 24.50 (21.00)

SUGAR BEET - BASE, TYPE 16 DEGREES - METRIC TON - 3,200.00 (3,050.00)

SUGAR BEET - BASE PLUS SUBSIDY FOR PRODUCTION BELOW 200 TONS - METRIC TONS - 3,550.00 (3,200.00)

SUGAR CANE - BASE, TYPE 12.1 DEGREES - METRIC TON - 2,240.00 (2,135.00)

SUGAR CANE - BASE PLUS SUBSIDY FOR PRODUCTION BELOW 300 TONS - METRIC TONS - 2,485.00 (2,240.00)

SEED COTTON - MINIMUM, GRADE I PLUS TRANSIENT SUBSIDY -  
KILOGRAM - 58.00 (54.00)  
WINE - INDICATIVE - HECTOGRADE - 110.00 (77.00)  
OLIVE OIL - SUPPORT, 0.5 TO 1 DEGREE ACIDITY - KILOGRAM -  
96.00 (80.00)  
BEEF - GUARANTEED - KILOGRAM CARCASS WEIGHT - 185.00  
(165.00)  
PORK - GUARANTEED - KILOGRAM CARCASS WEIGHT - 100.00  
(88.00)  
BROILER - BASE MARKET INTERVENTION - KILOGRAM CARCASS  
WEIGHT - 77.00 (67.00)  
EGGS - BASE MARKET INTERVENTION - DOZEN - 44.00 (37.00)  
COW'S MILK - MINIMUM FOR 1ST. HALF OF MARKETING YEAR -  
LITER - 16.75 (15.00)  
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5. CURRENT RATE OF EXCHANGE: PT 79.80 TO \$1.00.  
UNQUOTE.  
STABLER

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NNN

## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGRICULTURE, POLICIES, FARMS, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 29 mar 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Subject:** GOS APPROVES FARM PRICE PACKAGE FOR 1978/79 THE FOLLOWING BEING REPEATED TO YOU FOR INFO: QUOTE  
**TAGS:** EAGR, SP  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
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